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Attorneys for Debtors and
 Debtors in Possession

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:	Case No.: BK-S-09-14814-LBR (Jointly Administered)
THE RHODES COMPANIES, LLC, aka "Rhodes Homes," et al., ¹ Debtors.	Chapter 11

Affects:

¹ The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

<input checked="checked" type="checkbox"/>	All Debtors
<input type="checkbox"/>	Affects the following Debtor(s)

NOTICE TO SELL NON-CORE ASSET

To (a) the Office of the United States Trustee, (b) counsel to the Agent for the First Lien Lenders, (c) counsel to the Agent for the Second Lien Lenders, (d) counsel to the Unsecured Creditors' Committee, (e) counsel to the First Lien Steering Committee; and (f) all parties holding (or, to the Debtors' knowledge, asserting) liens on, or other interests in, the Non-Core Assets (defined below) that are the subject of the Proposed Transaction (defined below) (collectively, the "Interested Parties"):

PLEASE TAKE NOTICE THAT the above-captioned debtors and debtors in possession (the "Debtors") are proposing to sell (the "Proposed Transaction") a non-core asset (the "Non-Core Asset") free and clear of liens, claims and encumbrances, pursuant to the *Order Establishing Procedures to Sell Non-Core Assets* [Docket Number 462] (the "Order"). A further description of the Non-Core Asset and the terms of the sale is set forth on **Attachment A** hereto. As required pursuant to the Order and the Non-Core Assets Sale Procedure, the Debtors have received approval to sell the Non-Core Asset from Winchester Carlisle Partners, the financial advisors to the First Lien Steering Committee.

PLEASE TAKE FURTHER NOTICE THAT you have ten (10) days from service of this Notice (the "Notice Period") to object to the Proposed Transaction. Any objections to this Proposed Transaction must be (a) in writing, (b) state with specificity the ground for objection, and (c) served by overnight, telecopier or electronic mail on the Interested Parties and counsel to the Debtors so as to be received prior to the expiration of the Notice Period.

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PLEASE TAKE FURTHER NOTICE THAT if there are no objections prior to the expiration of the Notice Period, the Interested Parties will be deemed to have consented to the Proposed Transaction and such Proposed Transaction will be deemed final and fully authorized by the Court, at which time the Debtors may proceed to consummate such sale.

DATED this 15th day of September 2009.

PACHULSKI STANG ZIEHL YOUNG &
JONES LLP

/s/ Shirley S. Cho, Esq.
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Attorneys for Debtors and Debtors in
Possession

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Attachment A
Information Regarding Non-Core Asset Sale Transaction

1	Date	09/09/09
	Make / Model	CAT D11N (1997)
	Vin#	074Z75269
	Location	Golden Valley, AZ
2	Purchaser	Doug Baker, Mud Miners Inc
	Relationship to Debtor	None
3	Current Lienholder	US Bancorp Equipment Finance Inc
4	Copy of Contract Summary of Transaction	See Attachment 1 Sales price of \$165,000
5	Contracts and Leases to Transfer from Seller to Purchaser	None
6	Costs to be Charged Against the Sale Proceeds	None
7	Copies of Appraisals	See Attachment 2

ATTACHMENT 1

Pinnacle

GRADING & HEAVY EQUIPMENT

Pinnacle Grading
313 S. Aztec Rd.
Golden Valley, AZ 86413

Date: 9/8/2009
Invoice: 3025

Bill To:
Doug Baker President
Mud Miners Inc.

Quantity	Description	Amount
1	1997 D11N Serial #074Z75269	\$165,000.00
Total		\$165,000.00

Buyer understands the Seller cannot unconditionally commit to this transaction without the express approval of their creditors. Upon the execution of this contract and service to the seller's creditors, the creditors have 10 days to accept the transaction. All equipment sold strictly as-is, where-is, no warranties expressed or implied. Buyer is responsible for all transportation cost from Golden Valley, AZ and assumes all risk of loss upon payment. Upon verification of funds, equipment will be released within one (1) business day and must be removed from the yard within 90 days. It is understood that purchaser assumes all risk and liability for, and shall hold Pinnacle Grading harmless from all damages for injuries to persons and property arising out of the use, possession, or transportation of the equipment. Payment due in full within three (3) days of buyer's notification of creditor's acceptance of offer. Estimated acceptance date is September 20, 2009.

offer to sell is good until September 15, 2009
+ null and void thereafter.
I (we) have read the contract and agree with its contents.

Buyer: _____

Date: ____/____/____


Seller: 

Date: 9/11/2009

Thank You For Your Business!

313 S. Aztec Road , Golden Valley, AZ 86413

Phone 928-565-5003 - Fax 928-565-4409

seller initial 
Buyer initial _____

PARTIAL SETTLEMENT AGREEMENT

This Partial Settlement Agreement is by and among U.S. Bancorp Equipment Finance, Inc. ("USBEP") (Secured Party), Pinnacle Grading LLC (Debtor), Sagebrush Enterprises (a "Corporate Guarantor"), Rhodes Design and Development Corporation (a "Corporate Guarantor"), and James Rhodes ("Personal Guarantor"), collectively referred to herein as the "Parties", and relates to that certain loan Schedule number 666120C dated March 15, 2006 under the Master Loan Agreement entered on or about September 22, 2005.

USBEP agrees to allow Pinnacle Grading LLC to sell a portion of the collateral securing the subject loan, specifically described as follows:

1997 Cat D11N Dozer, Serial Number: 074Z75269.

USBEP agrees to accept from Pinnacle Grading LLC the sum of **\$165,000.00** as partial satisfaction of its obligations and those of the Personal and Corporate Guarantors in the above-referenced matter.

Upon receipt of this amount in good funds, USBEP will apply 100% of said sum to principal reduction, provided that the interest due is paid current through the last billing cycle, and USBEP will release its rights, title and interests in the above-listed equipment.

This Partial Settlement Agreement is contingent on the agreed settlement amount of \$165,000.00 being received on or before October 10th 2009.

This Partial Settlement Agreement only constitutes specific conditions as outlined above. All other terms and conditions of the subject Master Loan Agreement and all Schedules thereunder remain in full force and in effect.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Partial Settlement Agreement as of the ____ day of September, 2009:

Pinnacle Grading LLC

By: 

Rhodes Design and Development Corporation

By: 

U.S. Bancorp Equipment Finance, Inc.

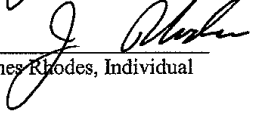
By: 

Randy Ernst, VP and Portfolio Manager

Date: 9/14/09

Sagebrush Enterprises

By: 


James Rhodes, Individual

ATTACHMENT 2

Steve Adams

From: Steve Passy [s.passy@sbcglobal.net]

Sent: Friday, August 28, 2009 2:03 PM

To: Steve Adams

Subject: PRELIM EVALUATION CAT D11N

STEVE AND SCOTT

A FOLLOW UP FROM MY CONVERSATION TODAY AND
THE PRELIMINARY VALUATION OF THE CAT D11N BULLDOZER AS INSPECTED BY ME ON WEDNESDAY
8/26/09 IN GOLDEN VALLEY, ARIZONA

THIS ITEMIZED VALUATION TO INCLUDE ALL OF THE ASSETS OF PINNACLE GRADING LLC WILL
FOLLOW
SOMETIME NEXT WEEK.

MY FINDINGS AS FOLLOWS

CO # D11-01:

CAT D11N CRAWLER TRACTOR S/N 74Z75269
ORIGINAL MFG DATE 1986 - REMANUFACTURED BY CATERPILLAR AS NOTED WITH THE 75 NUMBER IN
FRONT OF THE MACHINE ID# 269
EQUIPPED WITH 11SU DOZER W TWIN TILT; M/S REAR RIPPER, ENCLOSED CAB AND A/C,

MACHINE IS REPORTED TO HAVE 30,000 HOURS USE SINCE MANUFACTURE REBUILD (THIS
APPRAISER HAS NOT INDEPENDENT CONFIRMATION OF SAME)

THE UNDERCARRIAGE AND ITS WEAR COMPONENTS HAVE BEEN COMPLETELY REBUILT WITH AT
LEAST 85% WEAR REMAINING THUS CREATING A GREAT VALUE TO THE POTENTIAL NEW OWNERS
OR OPERATORS. TO COMPLETELY OVERHAUL THE CRAWLER SYSTEM ON THIS MACHINE ONE
COULD EXPECT TO SPEND \$ 85,000 TO \$ 110,000.

AUCTION VALUE 130,000
ORDERLY LIQUIDATION VALUE: 167,500
FAIR MARKET VALUE 179,500

AS I STATED EARLIER THIS MACHINE WILL BE INCLUDED IN OUR FINAL REPORT AND THE
UNDERSIGNED RESERVES THE RIGHT TO AMEND
THIS REPORT WITHOUT NOTICE

YOURS TRULY

STEPHEN PASSY
MEMBER CAGA
CERTIFIED APPRAISERS GUILD OF AMERICA
310 927 3493 424 204 9760
S.PASSY@SBCGLOBAL.NET

8/31/2009

01/22/2009 12:15 9519409442

RITCHIE BROS

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Appraisal W/Forced Con

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PINNACLE GRADING

- 41 D11-1
 1997 CATERPILLAR D11N CERTIFIED REBUILD
 CRAWLER TRACTOR
 s/n 74Z75269
 C/W: SU dozer, twin tilt, cab, A/C, 4bbl MSR
 Hours: 30,249
 Tires/ U/C: 90%
 Condition: v good
 Additional Notes: Original S/n N/a indicates
 year model : N/a Original hours were :
 unknown but 30K hours since rebuild.
 Subsequently Remaned by Hoss Equipment-No
 supporting Docs then sold by Hoss to
 Pinnacle. Straight tractor , VG u/c good
 pins in dozer / ripper pin bosses tight.
 R&R Detail: Sandblast & Paint:2,870
 R&R Estimate: 2,870 USD
 Action Note: ss/ Factory Remand ??? Is this
 Certified Rebuild? Is the original year a
 1986? RA amended as info allowed
 FORCD CON 115,000
- 42 10N-1
 1993 CATERPILLAR D10N CRAWLER TRACTOR
 s/n 2YD02495
 C/W: C dozer, cab, A/C, push cushion
 Hours: 2,456
 Tires/ U/C: 35%
 Condition: good
 R&R Detail: Sandblast & Paint:2,775 Seat:
 200
 R&R Estimate: 2,975 USD
 FORCD CON 70,000
- 43 D10N-02
 1988 CATERPILLAR D10N CRAWLER TRACTOR
 s/n 2YD00580
 C/W: C dozer, cab, A/C, push block
 Hours: 2,869
 Tires/ U/C: 90%
 Condition: v good
 R&R Detail: Sandblast & Paint:2,775
 R&R Estimate: 2,775 USD
 FORCD CON 85,000

200900058-2009-01-20-12.53.24 Rev:2009-01-15-10.33.18-000343804

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CERTIFICATE OF SERVICE

1. On this 15th day of September, 2009, I served the following document(s) (specify):

NOTICE TO SELL NON-CORE ASSET

2. I served the above-named document(s) by the following means to the persons as listed below:

(check all that apply)

☐ a. **ECF System** *(You must attach the "Notice of Electronic Filing", or list all persons and addresses and attach additional paper if necessary)*

☐ b. **United States mail, postage fully prepaid**
(List persons and addresses. Attach additional paper if necessary)

☐ c. **Personal Service** *(List persons and addresses. Attach additional paper if necessary)*

I personally delivered the document(s) to the persons at these addresses:

☐ For a party represented by an attorney, delivery was made by handing the document(s) at the attorney's office with a clerk or other person in charge, or if no one is in charge by leaving the document(s) in a conspicuous place in the office.

☐ For a party, delivery was made by handing the document(s) to the party or by leaving the document(s) at the person's dwelling house or usual place of abode with someone of suitable age and discretion residing there.

☒ d. **By direct email (as opposed to through the ECF System)**
(List persons and email addresses. Attach additional paper if necessary)

augie.landis@usdoj.gov
pdublin@AkinGump.com
TBeckett@parsonsbehle.com
Ramon.Naguiat@skadden.com
don.deamicis@ropesgray.com
randy.ernst@usbank.com

☐ e. **By fax transmission**
(List persons and fax numbers. Attach additional paper if necessary)

Based upon the written agreement of the parties to accept service by fax transmission or a court order, I faxed the document(s) to the persons at the fax numbers listed below. No error was reported by the fax machine that I used. A copy of the record of the fax transmission is attached.

I declare under penalty of perjury that the foregoing is true and correct.

Signed on (date): September 15, 2009

Werner Disse
(Name of Declarant)

/s/Werner Disse
(Signature of Declarant)

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